London Clubs Pension Scheme (the "Scheme")
Statement of Investment Principles (the "Statement")

1. Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 ("the Act"), and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is 30 September 2023. The Trustee Directors will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

2. Consultations Made

As required by the Act, the Trustee Directors have consulted with the employer, London Clubs International Limited, prior to writing this Statement and have considered their recommendations, and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustee Directors are responsible for the investment strategy of the London Clubs Pension Scheme (the 'Scheme'). They have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited ("Aon") who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme's assets has been delegated to investment managers regulated by the Financial Conduct Authority. A copy of this Statement is available to the investment managers appointed and the members of the Scheme on request.

3. Scheme Objectives and policy for securing the objectives

The Trustee Directors' primary objectives are:

- "funding objective" - to ensure that the Scheme is fully funded on an ongoing basis using assumptions that contain a margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- "security objective" - to ensure that the solvency (buyout) position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustee Directors will take into account the strength of employer's covenant when monitoring this objective; and
- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy.

4. Focus on Asset Allocation Strategy

The Trustee Directors recognise that the key source of investment risk (in relation to meeting their objectives) arises from asset allocation. Therefore, whilst they retain responsibility for setting asset allocation, they take expert advice from their professional advisers on this issue.

The Trustee Directors will review their investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustee Directors take written advice from their professional advisers regarding an appropriate investment strategy for the Scheme.

The asset allocation is set out in a separate appendix document titled "Investment Policy September 2023" (the "Appendix").

A broad range of available asset classes is considered. This includes consideration of so called "alternative" asset classes (such as direct lending, property debt and diversified growth funds).

5. Investment risk measurement and management

Risks associated with changes in the employer covenant are assessed by various means. The Trustee Directors receive an update from the Company's Financial Director regularly at Trustee meetings. The Trustee Directors also receive regular ongoing covenant reviews from Aon. They also monitor the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

The Trustee Directors also have an agreement with the employer to receive notification of any events that have the potential to alter the creditworthiness of the sponsoring employers. In particular, the Trustee Directors will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustee Directors will re-consider the continued appropriateness of the Scheme's existing investment strategy.

The Trustee Directors monitor the risks arising through the selection and appointment of fund managers on an annual basis via investment monitoring reports prepared by their professional advisors. Expected out-performance targets (for active managers) are detailed in the Appendix of this statement. The Trustee Directors have appointed Aon to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustee Directors acknowledge that investment returns achieved outside the expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated.

6. Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cash flow requirements, the funding level of the Scheme and the Trustee Directors' objectives.

The Trustee Directors exercise their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

Assets held to cover the scheme’s technical provisions (the liabilities of the scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.

The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

7. Custody

Investment in pooled funds gives the Trustee Directors a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are independent of the employer.

8. Expected Returns on Assets

Over the long-term the Trustee Directors’ expectations are:

- for the “growth” assets (UK and overseas equities, direct lending, property debt and diversified growth funds), to achieve a return which at least keeps pace with the increase in national average earnings over the same period. The Trustee Directors are willing to incur short-term volatility in equity price behaviour with the expectation that over the long term equities will outperform the other major asset classes;

- for the “matching” assets (bonds and Liability Driven Investments), to achieve a rate of return which is at least in line with changes in the cost of providing fixed income annuities;

At the last formal actuarial valuation as at 31 March 2021 the assumptions were as follows:

Assumptions	31 March 2021
Price inflation	RPI (3.6% p.a.)
Investment return pre-retirement	Gilts +0.5% (c. 1.3%[1] p.a.)
Investment return post-retirement	Gilts +0.5% (c. 2.0%[2] p.a.)

1. Discount rate pre-retirement/long term post-horizon

2. Discount rate post-retirement/short-term pre horizon (non-pensioners)

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee Directors in consultation with their advisers and fund managers.

9. Realisation of Investments/Liquidity

The Trustee Directors recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

10. Arrangements with Asset Managers

The Trustee Directors' monitor the scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee Directors' policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee Directors are supported in this monitoring activity by their investment consultant.

The Trustee Directors receive regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee Directors focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assess the asset managers over 3-year periods.

The Trustee Directors also receive annual stewardship reports on the monitoring and engagement activities carried out by their asset manager, which supports the Trustee Directors in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

The Trustee Directors share the policies, as set out in this SIP, with the scheme's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee Directors' policies.

Before the appointment of a new asset manager, the Trustee Directors review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee Directors' policies. Where possible, the Trustee Directors will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the scheme invests in a collective vehicle, then the Trustee Directors will express their expectations to the asset managers by other means.

The Trustee Directors believe that having appropriate governing documentation, setting clear expectations to the asset managers and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee Directors' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Trustee Directors' policies, expectations, or the other considerations set out above, the Trustee Directors will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

Costs and Performance

The Trustee Directors are aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee Directors recognise that in addition to annual management charges, there are a number of other costs incurred by the Scheme's investment managers that can increase the overall cost incurred by their investments.

The Trustee Directors collect annual cost transparency reports covering all their investments and ask that the investment managers provide this data, in line with templates appropriate for each asset class such as those of Cost Transparency Initiative ("CTI"). This allows the Trustee Directors to understand exactly what the Scheme is paying the investment managers. The Trustee Directors work with their Investment Consultant (Aon) and investment managers to understand these costs in more detail where required.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment consultant monitors this on behalf of the Trustee Directors as part of the manager monitoring and flags to the Trustee Directors where there are concerns."

"The Trustee Directors evaluate the performance of their asset managers relative to their respective objectives on a regular basis via their investment monitoring reports and updates from the asset managers. The Trustee Directors also review the remuneration of the Scheme's asset managers on at least a triennial basis to ensure that these costs are reasonable in the context of the kind and balance of investments held.

The Trustee Directors acknowledge that portfolio turnover costs are a necessary cost in order to generate investment returns and that the level of these costs varies across asset classes and pooled funds. A high level of transaction costs is acceptable so long as it is consistent with the asset class characteristics, manager's style and historic trends. Where the Trustees Directors' monitoring identifies a lack of consistency, the mandate will be reviewed.

The Trustee Directors are supported in their cost transparency monitoring activity by their investment consultant.

11. Social, Environmental or Ethical Considerations

In setting the Scheme's investment strategy, the Trustees Directors' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively affect the value of investments held if not understood and evaluated properly. The Trustee Directors consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee Directors do not explicitly take into account the views of Scheme members and beneficiaries in relation to social, environmental or ethical considerations, or to matters relating to present and future quality of life (defined as "non-financial factors"[1]).

12. Activism, and the Exercise of the Rights Attaching to Investments

Stewardship – Voting and Engagement

The Trustee Directors recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the scheme invests, as this ultimately this creates long-term financial value for the scheme and its beneficiaries.

The Trustee Directors review the suitability of the scheme's appointed asset managers and take advice from their investment consultant regarding any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee Directors will review the alignment of their policies to those of the scheme's asset managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee Directors' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

Should the Trustee Directors monitoring and engagement process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustee's expectations the arrangements with the manager may be altered.

The Trustee Directors accept responsibility for how managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies.

If an incumbent manager is found to be falling short of the standards the Trustee Directors have set out in their policy, the Trustee Directors undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

The Trustee Directors may engage with their investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to scheme members on request.

13. Effective Decision Making

The Trustee Directors recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustee Directors believe that given the scale of the Scheme, a separate investment sub-committee would not be appropriate.

14. Additional Voluntary Contributions ("AVC's") Arrangements

Some members obtain further benefits by paying AVC's to the Scheme. The liabilities in respect of these AVC's are equal to the value of the investments bought by the contributions. Details of AVC providers and fund options are included in the Appendix to this Statement.

From time to time the Trustee Directors review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Agreed for and on behalf of the London Clubs Pension Scheme

London Clubs Pension Scheme (the "Scheme")

Investment Policy Implementation Document – September 2023

(the "Appendix" to the Statement of Investment Principles dated 30 September 2023)

The Statement of Investment Principles ("SIP") of the London Clubs Pension Scheme (the "Scheme") sets out the guiding principles upon which the Scheme's investments are based. The purpose of this document is to provide details of the specific investments in place alongside other information relevant to the management of the investments.

The Trustee's investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the SIP. The details are laid out below. The Trustee considers the strategy excluding the annuity policy when considering how to meet the residual liabilities

1. Asset allocation strategy

The Scheme's current strategic allocation is shown in the table below:

Asset Class	Weight (%)	Range*
Global Equities	15.0	10.0 – 15.0
Illiquid Credit	*20.0*	*20.0 – 27.5*
- Direct Lending	7.5	
- Bank Capital Relief	5.0	
- Property Debt	7.5	
Liquid Credit	22.5	20.0 -22.5
LDI and Cash	42.5	32.5 – 42.5

The asset allocation strategy is reviewed every three years (or earlier should there be a significant event).

*Range allows for the expected movement in illiquid credit for capital calls/drawdowns and ability for Trustee to consider further allocations where opportunities arise.

2. Investment Management Arrangements

The following describes the mandates given to the fund managers within each asset class, according to the long-term asset allocation strategy.

2.1 Equity Mandate – Legal & General Investment Management

The Scheme's equities are wholly invested with Legal & General as follows:

Weight (%)	Fund	Range
19	Developed Balanced Factor Equity Index Fund	+/- 5%.
71	Developed Balanced Factor Equity Index Fund (GBP Hedged)	+/- 5%
10	World Emerging Market Equity Index Fund	+/- 5%

The benchmarks of the Legal & General Equity Funds can be seen in the table below:

Fund	Benchmark	Target	Expected Tracking Error
Developed Balanced Factor Equity Index Fund	SciBeta Developed High-Factor-Intensity Multi-Beta Maximum Deconcentration Index	Track the benchmark	+/- 0.5% p.a.
Developed Balanced Factor Equity Index Fund (GBP Hedged)	SciBeta Developed High-Factor-Intensity Multi-Beta Maximum Deconcentration Index (GBP Hedged)	Track the benchmark	+/- 0.5% p.a.
World Emerging Market Equity Index Fund	FTSE AW – All Emerging Market Index	Track the benchmark	+/- 0.5% p.a.

2.2 Liquid Credit Mandates

The Scheme’s fixed income assets are invested with PIMCO and Aon Active Fixed Income as follows:

Current Weight	Manager	Fund	Benchmark	Target (over rolling three year periods) gross of fees (% pa)	Expected Tracking Error
50.0%	PIMCO	Diversified Income Fund	1/3 each-Barclays Global Aggregate Credit Component, BofA Merrill Lynch Global High Yield BB-B Rated Constrained, JPMorgan EMBI Global (All FX Hedged to GBP)	+1% to +1.5%	3.0% p.a.
50.0%	Aon Active Fixed Income	Adept 2 Fund	SONIA	Benchmark +2%	2-2.5% p.a.

2.3 Illiquid Credit

2.3.1 Direct Lending Mandate

The Scheme’s Direct Lending investment is invested with Hayfin and CVC as follows:

Weight (%)	Fund	Benchmark	Target (% pa)
0%	Hayfin Direct Lending Fund II	N/A – no suitable benchmark currently available	8%-10% gross IRR
100%	CVC Credit Partners EU DL 2021 Fund	N/A – no suitable benchmark currently available	7% net IRR

2.3.2 Bank Capital Relief Mandate

The Scheme's Bank Capital Relief investment is invested with Christofferson, Robb & Company, LLC ("CRC") as follows:

Weight (%)	Fund	Benchmark	Target (% pa)
100	CRC Single Investor Fund XV	N/A – no suitable benchmark currently available	9%-11% net IRR

2.3.3 Property Debt Mandate

The Scheme's Property Debt investment is invested with DRC Capital as follows:

Weight (%)	Fund	Benchmark	Target (% pa)
100	DRC Capital UK Whole Loans Fund	N/A – no suitable benchmark currently available	6%-7% net IRR

2.4 Liability Driven Investment Mandate and Cash

The Scheme's LDI assets are invested with Legal & General in an Enhanced Service Agreement Light ("ESA Lite"), which gives Legal & General discretion to invest in a range of LDI pooled funds, which aim to provide nominal and real returns reflecting the Scheme's liability benchmark using gilts on a partially and fully funded basis or interest rate and inflation swaps. The target in place is to hedge 100% of assets (reviewed annually).

2.5 Cash balances

A working balance of cash is held for imminent payment of benefits and expenses. Under normal circumstances it is not the Trustee Directors' intention to hold a significant cash balance and this is carefully monitored by the Scheme's administrator.

2.6 Re-balancing arrangements

Trustee Directors review the balance of the assets on a quarterly basis, following which appropriate corrective action is taken, if required. All new contributions are invested with the investment managers in line with the long-term asset allocation strategy unless the Trustee Directors agree to redirect contributions, having considered the asset allocation of the Scheme.

Agreed for and on behalf of the London Clubs Pension Scheme

Appendix
Fee Structure for advisors and managers

3.1 Advisers

The Trustee Directors' investment advisers have agreed a fixed fee for regular investment work. For areas of advice outside the fixed fee (e.g. one off special jobs, or large jobs, such as asset and liability modelling), the Trustee Directors will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the adviser.

3.2 Investment managers

For mandates where the manager is seeking to add incremental value in excess of the performance benchmark, the investment manager is remunerated as a set percentage of the assets under management, plus a performance related fee where applicable. This is in keeping with market practice.

3.3 Summary of investment management fee arrangements

Manager	Asset Classes	Fee Scale
Legal & General Investment Management	Dev. Balanced Factor Equity	Unhedged fee – 0.02% p.a. Hedged fee – 0.03% p.a. plus 0.04% for Aon factor service
Legal & General Investment Management	Emerging Market Equities	0.45% p.a.
Legal & General Investment Management	LDI Funds (ESA Lite)	Single Stock Gilt fund range 0.05% p.a. Matching Plus Gilt Fund Range 0.18% p.a. Sterling Liquidity Fund 0.12% p.a.
PIMCO	Liquid Credit	0.69% p.a.
Aon Active Fixed Income	Liquid Credit	0.80% p.a.
Hayfin	Direct Lending	Standard fee of 0.85% pa of the net asset value. Performance Fee: ▪ 0% performance fee if performance is below 5% p.a. ▪ Catch-up mechanism of 25% performance fee on returns exceeding 5% p.a. ▪ Capped at a total of 10% performance fee
Christofferson, Robb & Company, Llc	Bank Capital Relief	0.8% p.a.
DRC Capital	Property Debt	Standard Fee of 0.75% of invested capital
CVC Capital Partners	Direct Lending	0.65% p.a. Performance fees are 10% carry above a 5% preferred return with 100% catch up.

4 Additional Voluntary Contributions

The Trustee Directors have made available the following range of investment options:

- Prudential Portfolio Managers With-Profits fund, Deposit Scheme, Discretionary fund, International Equity fund, Global Equity fund, and UK Equity unit linked funds.

A policy document has been issued to the Trustee Directors from Prudential covering the AVC investment contract.